THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKRA MURTHY): (a) Broadly the reasons for the latest rise in the prices are ascribed to the following factors;

(i) production shortfalls in 1993-94 in sugar, cotton, jute and groundnut causing short term supply imbalances leading to sharp rise in their prices;

(ii) spill over effect of administered price increase in wheat, rice, sugar and energy inputs in later months of 1993-94;

(iii) cumulative impact of large increase in minimum support prices continuously for past three years has resulted in higher primary products prices and produced upward pressure on the wage goods;

(iv) Fiscal deficit continuing on the highside; and

(v) high growth of monetary variables, mainly because of strong build up of foreign exchange reserves.

(b) to (d) The liberalisation process is not the cause of the recent uptrend in prices nor is it directly related to Government's internal borrowing.

(e) Higher inflows of foreign currencies in the form of increased foreign exchange reserves tend to lead to higher monetary expansion, which is one of several factors contributing to inflation.

(f) RBI does not print new currency for converting foreign currencies into rupee.

(g) and (h) The amounts of increase in Money Supply (M3) in the last three financial years are as under:

	Rs. '000 crores
1991-92	50.4
1992-93	50.9
1993-94	66.7

Reserve Bank of India projects money supply (M3) growth keeping in view various macro-economic variables including expected growth in GDP.

Instalment of insured policy

1111. SHRI SATISH PRADHAN: Will the Minister of FINANCE be pleased to state:

(a) what are the elements taken into consideration for determining the instalment on insured policy;

(b) whether all these elements are covered in every instalment of the policy; and

(c) whether all the amount of instalment are refunded to the policyholder without any restrictions for qualifying period in case of lapsed policies; if not the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) The LIC have informed that the elements taken into consideration for determining premium rates are Mortality, Interest and Expenses.

(b) LIC have informed that the Tables of premium rates are constructed based on all the elements mentioned in (a) above.

(c) No, Sir. LIC have informed that the initial expenses incurred and the cost of risk cover provided during the period the policy was in force, do not make it possible for a life insurance company to refund to the policyholders all the instalments received when a policy lapses.

Insurance Act and LIC Act

1112. SHRI SATISH PRADHAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Insurance Act of 1938 and LIC Act of 1956 are still in vogue: